

65-6494

3 November 1965

W. A. Bross
Mr. J. Patrick Coyne
Executive Secretary
The President's Foreign Intelligence
Advisory Board
Room 297
Executive Office Building

Dear Pat:

In the light of his conversation with you yesterday, the Director thought you might be interested in the attached estimate of the situation in South Vietnam which we received this morning from one of our representatives in Saigon.

Sincerely,

(Signed)

John A. Bross

Attachment

D/DCI/NIPE (3/11/65)

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SECTION ONE OF FOUR

3 Nov 65 IN 85830

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A STATION DRAFT ESTIMATE OF THE VC SITUATION WAS COMPLETED BY [REDACTED] ON 29 OCTOBER AND IS NOW BEING COORDINATED WITH POLITICAL SECTION OF EMBASSY AND MACV J2. WE UNDERSTAND INFORMALLY THERE WILL PROBABLY BE NO SUBSTANTIAL DISAGREEMENT WITH THE CONCLUSIONS OF THIS ESTIMATE ALTHOUGH SOME REWORDING MAY TAKE PLACE. AS SOON AS ESTIMATE IS FINALLY APPROVED IT WILL BE SENT WASH AS MISSION COUNCIL INTEL ESTIMATE. THIS ESTIMATE HAS CONSIDERABLE RELEVANCE TO QUESTION RAISED SAPG 7643. [REDACTED] (IN 85802)

ARRIVING HQS 4 NOVEMBER.

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1. THE BASIC TRENDS AND PATTERNS IN THE SITUATION NOTED IN OUR LAST ESTIMATE (19 AUGUST 1965) HAVE CONTINUED THROUGH OCTOBER. BOTH HANOI AND LIBERATION FRONT BROADCASTS REFLECT DETERMINATION TO CONTINUE THE WAR, AND VIET CONG FORCES ARE MAINTAINING RELATIVELY STRONG MILITARY PRESSURE. FOLLOWING A BRIEF DECLINE IN VIET CONG ACTIVITY IN SEPTEMBER, WHICH MAY HAVE RESULTED FROM THE TRANSITION FROM THE LARGELY FRUSTRATED SUMMER CAMPAIGN TO THE CURRENT AUTUMN-WINTER CAMPAIGN, THE TEMPO OF VIET CONG ACTIONS HAS RISEN TO THE

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HIGHEST LEVELS IN ALMOST A YEAR. THE SCENE OF MAJOR OPERATIONS APPEARS TO HAVE SHIFTED WITH THE RAINY SEASON FROM THE HIGHLANDS TO THE COASTAL PLAIN, WITH LARGE-SCALE ATTACKS RECORDED IN QUANG TRI, PHU YEN, AND BINH DINH PROVINCES. NEVERTHELESS, CURRENT ACTIVITY IN PLEIKU PROVINCE INDICATES THAT THE ENEMY RETAINS SIGNIFICANT CAPABILITIES IN THE HIGHLANDS.

2. NO REGIMENTAL-SIZE OPERATIONS HAVE BEEN MOUNTED BY THE VIET CONG SINCE JUNE IN THE III CORPS AREA. VIET CONG MAIN FORCE UNITS IN THIS REGION APPARENTLY HAVE BEEN KEPT OFF BALANCE TO SOME

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STENT BY US-GVN GROUND AND AIR OPERATIONS, WHICH HAVE INFLICTED SUBSTANTIAL LOSSES IN TERMS OF EQUIPMENT AND SUPPLIES. VIET CONG CAPABILITIES IN THE AREA EVIDENTLY ARE BEING REINFORCED, HOWEVER, BY THE MOVEMENT OF NORTH VIETNAMESE ARMY ELEMENTS FROM THE HIGHLANDS AND THE CONTINUING FLOW OF VIET CONG ELEMENTS COMING FROM THE DELTA.

3. ACTIVITY IN THE DELTA HAS INCREASED MARKEDLY DURING THE PAST TWO MONTHS, BUT CONSISTS LARGELY OF SMALL-SCALE HARASSMENTS AND SABOTAGE ACTIVITIES. THE LACK OF AGGRESSIVE LARGE-SCALE ATTACKS IN THIS AREA SUGGESTS THAT THE CAPABILITIES OF MAIN FORCE UNITS HAVE BEEN ADVERSELY AFFECTED BY THE TRANSFER OF CADRES AND TROOPS TO OTHER AREAS. NEVERTHELESS, THE SIZEABLE VIET CONG FORCES REMAINING IN THE DELTA APPEAR CAPABLE OF MAINTAINING THEIR HOLD ON WIDE AREAS OF THE COUNTRYSIDE.

4. THE BUILD-UP OF VIET CONG CONVENTIONAL MILITARY CAPABILITIES IS CONTINUING, DESPITE THE HEAVY LOSSES SUFFERED IN LARGE-SCALE ENGAGEMENTS. DOCUMENTS CAPTURED IN THE DELTA IN AUGUST DIRECTED THE UPGRADING OF HALF OF THE VILLAGE GUERRILLAS TO PERMIT THE BUILD-UP OF MAIN

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FORCE UNITS. THIS EXTRAORDINARY MEASURE, WHICH COULD PRODUCE ENOUGH MANPOWER TO FORM TWO OR THREE NEW REGIMENTS, WAS RATIONALIZED IN THE DOCUMENTS AS NECESSARY TO RESTORE THE BALANCE OF FORCES WHICH HAD BEEN UPSET BY THE INTRODUCTION OF U.S. AND ALLIED GROUND COMBAT UNITS.

5. PARALLELING THIS INTERNAL REINFORCEMENT, THE ENEMY HAS INFILTRATED A NUMBER OF ADDITIONAL NORTH VIETNAMESE ARMY ELEMENTS IN RECENT MONTHS. TWO ADDITIONAL REGIMENTAL-SIZED UNITS, NORTH VIETNAMESE ARMY UNITS, HAVE BEEN IDENTIFIED, AND THERE ARE INDICATIONS THAT AT LEAST TWO OTHERS MAY ALSO HAVE ARRIVED. WHILE SOME OF THESE MAY COMPRISE CADRE GROUPS TO PERMIT THE CREATION OF NEW VIET CONG MAIN FORCE UNITS, OTHERS APPARENTLY ARE INTEGRAL NORTH VIETNAMESE ARMY COMBAT UNITS. IN EITHER CASE, THESE ELEMENTS REPRESENT A SIGNIFICANT REINFORCEMENT OF VIET CONG CAPABILITIES.

6. PARALLELING THE CONTINUING BUILD-UP OF VIET CONG FORCES IS THE CONSTRUCTION OF A MOTORABLE ROAD FROM NORTH VIETNAM THROUGH THE LAOS PANHANDLE TO A POINT AT LEAST AS FAR SOUTH AS KONTUM PROVINCE. THIS MAIN ROUTE, WHICH IS NEARING COMPLETION, TOGETHER WITH LATERAL ROADS LEADING INTO SOUTH VIETNAM AT SEVERAL POINTS, WILL PERMIT A SUBSTANTIAL INCREASE IN THE FLOW OF SUPPLIES AND EQUIPMENT THROUGH LAOS, AND MAY REPLACE THE NOW INSECURE SEA INFILTRATION ROUTE AS THE PRINCIPAL AXIS FOR VIET CONG LOGISTICAL SUPPORT. WITH A DEPENDABLE SUPPLY ROUTE CAPABLE OF MOVING AMMUNITION IN QUANTITIES, THE CAPABILITIES OF VIET CONG FORCES IN THE HIGHLANDS TO SUSTAIN LARGE SCALE OPERATIONS WILL BE ENHANCED. THEIR FORCES IN THE DELTA WILL REMAIN LARGELY DEPENDENT ON SHIPMENTS BY SEA OR VIA CAMBODIA.

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CFM 7644 HQS INTERNAL USE ONLY A STATION VC [REDACTED] 29

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OCTOBER MACV J2 NO SUBSTANTIAL WASH INTEL SAIG 7643 [REDACTED]

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[REDACTED] HQS 4 NOVEMBER 19 AUGUST 1965 OCTOBER HANOI LIBERATION FRONT
VIET CONG A BRIEF VIET CONG SEPTEMBER AUTUMN-WINTER TEMPO VIET CONG
A YEAR RAINY SEASON HIGHLANDS

QUANG TRI PHU YEN BINH DINH PLEIKU HIGHLANDS NO REGIMENTAL VIET CONG
JUNE III CORPS VIET CONG US- GVN VIET CONG NORTH VIETNAMESE ARMY
HIGHLANDS VIET CONG DELTA DELTA CADRES VIET CONG DELTA VIET CONG
DELTA AUGUST VILLAGE GUERRILLAS U.S. ALLIED GROUND COMBAT UNITS A
NUMBER NORTH VIETNAMESE ARMY NORTH VIETNAMESE ARMY CADRE VIET CONG
INTEGRAL NORTH VIETNAMESE A SIGNIFICANT VIET CONG VIET CONG A
MOTORABLE NORTH VIETNAM LAOS PANHANDLE A POINT FAR SOUTH KONTUM
PROVINCE MAIN ROUTE LATERAL ROADS SOUTH VIETNAM A SUBSTANTIAL LAOS
SEA AXIS VIET CONG LOGISTICAL A DEPENDABLE VIET CONG ENHANCED DELTA
SEA VIA CAMBODIA

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(SECTION TWO OF FOUR)

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7. POLITICALLY AND PSYCHOLOGICALLY, THE VIET CONG POSITION IS
LESS FAVORABLE. ALTHOUGH MANY OF THE BASIC FACTORS WHICH CONTRIBUTED
TO POLITICAL INSTABILITY IN SAIGON LAST YEAR REMAIN UNRESOLVED, THE
REBUFF OF THE VIET CONG SUMMER CAMPAIGN AND THE U.S. ALLIED MILITARY
BUILD-UP HAS REMOVED POPULAR FEARS OF AN EARLY VIET CONG VICTORY AND
THEREBY ENHANCED THE PROSPECTS FOR GOVERNMENTAL STABILITY. THE ABSENCE
OF OPEN HOSTILITY TO THE KY GOVERNMENT BY NON-COMMUNIST GROUPS HAS
LESSENED VIET CONG OPPORTUNITIES FOR EFFECTIVE POLITICAL AGITATION.
REPEATED SUCCESSES BY SECURITY FORCES IN UNCOVERING TERRORIST AND PRO-

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PAGANDA RINGS IN URBAN AREAS HAVE DISRUPTED VIET CONG CAPABILITIES IN THIS FIELD AND SHAKEN THE CONFIDENCE OF THEIR CLANDESTINE AGENTS. THE LIBERATION FRONT SUFFERED A SIGNIFICANT PSYCHOLOGICAL SETBACK WHEN THE POPULACE GENERALLY IGNORED THE FRONT'S UNPRECEDENTED PROPAGANDA APPEAL FOR A GENERAL STRIKE AND HOUR OF SILENCE ON 15 OCTOBER TO COMMEMORATE THE ANNIVERSARY OF THE EXECUTION OF A VIET CONG TERRORIST. THE FAILURE OF THIS APPEAL, AND THE ABSENCE THUS FAR OF ANY SPECTACULAR TERRORIST ACTS DURING THE MUCH-HERALDED, MONTH-LONG "HATE AMERICA" CAMPAIGN REPRESENT A SERIOUS BLOW TO VIET CONG PRESTIGE AMONG THE POPULACE.

8. THERE ARE GROWING SIGNS OF DECLINING MORALE AMONG VIET CONG MILITARY UNITS AS WELL AS IN THE POPULATION IN VIET CONG-DOMINATED AREAS. THIS DECLINE APPEARS TO BE THE RESULT OF TACTICAL SETBACKS AND THE IMPACT OF SUSTAINED U.S.-GVN AIR ATTACKS ON VIET CONG AREAS. IT IS REFLECTED IN THE GROWING RATE OF DEFECTIONS AND CHIEU HOI RALLIERS AS WELL AS IN CAPTURED DOCUMENTS, STATEMENTS OF CAPTIVES, AND THE DEFENSIVE TONE OF FRONT PROPAGANDA. ALTHOUGH THE COMMUNISTS HAVE OVERCOME MORALE SETBACKS BEFORE THROUGH EXTENSIVE INDOCTRINATION PROGRAMS, NO SIGNIFICANT IMPROVEMENT IN VIET CONG MORALE IS LIKELY IN THE ABSENCE OF SOME SUCCESSES ON THE BATTLEFIELD.

9. VIET CONG ECONOMIC FORTUNES HAVE BEEN MIXED. THEIR PROPAGANDA IS ACTIVELY EXPLOITING THE RISING COST OF LIVING THROUGHOUT VIETNAM. VIET CONG EFFORTS TO DISRUPT THE ECONOMY FURTHER AND THEREBY ADD TO INFLATIONARY TRENDS ARE REFLECTED IN THEIR CONTINUING SABOTAGE OF COMMUNICATIONS LINES AND THEIR IMPOSITION OF AN EMBARGO ON THE FLOW OF GOODS TO MARKETS IN SOME GVN-CONTROLLED AREAS. ON THE OTHER HAND, ECONOMIC HARDSHIPS ARE INCREASING IN VIET CONG-DOMINATED AREAS. THERE ARE INDICATIONS THAT THEIR TAX COLLECTIONS ARE NOT SUFFICIENT TO MEET

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THEIR FINANCIAL REQUIREMENTS DESPITE INCREASINGLY HEAVY TAX RATES. MOREOVER, THE INCOME OF FARMERS HAS BEEN FURTHER REDUCED BY THE RESTRICTIONS ON DELIVERY OF GOODS TO MARKETS.

10. IN VIEW OF THEIR MIXED PROSPECTS, IT IS PERTINENT TO REVIEW THE ALTERNATIVES WHICH THE VIET CONG MAY ADOPT IN PURSUING THEIR AIMS IN SOUTH VIETNAM. THE BROAD ALTERNATE APPROACHES OPEN TO THEM ARE: A) MAJOR ESCALATION IN ORDER TO SEEK AN EARLY MILITARY DECISION; B) CONTINUATION OF THE CURRENT STRATEGY OF AUGMENTING THEIR CAPABILITIES FOR THE GRADUAL TRANSITION TO CONVENTIONAL WARFARE; C) REVERSION TO A LESSER SCALE OF INSURGENCY; OR D) A NEGOTIATED SETTLEMENT.

11. ALTHOUGH THE FIRST COURSE OFFERS PROSPECTS FOR QUICK SUCCESS, IT CARRIES WITH IT THE RISK OF TRIGGERING A MASSIVE U.S. RESPONSE. WHILE NORTH VIETNAMESE GROUND FORCES POSSESS CONSIDERABLE STRENGTH, DISRUPTION OF THE LINES OF COMMUNICATION IN THE NORTH BY US/GVN AIRSTRIKES HAS SERIOUSLY RESTRICTED THE SIZE OF FORCES WHICH COULD BE SUPPORTED IN A CONVENTIONAL INVASION OF THE SOUTH, AND IT IS DOUBTFUL WHETHER THE ENEMY COULD BE CONFIDENT OF HIS ABILITY TO SUSTAIN SUCH A COURSE.

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CFN 7644 VIET CONG SAIGON LAST YEAR REBUFF VIET CONG SUMMER U.S.
 ALLIED VIET CONG KY NON-COMMUNIST VIET CONG URBAN VIET CONG SHAKEN
 CLANDESTINE AGENTS LIBERATION FRONT A SIGNIFICANT PSYCHOLOGICAL SET-
 BACK POPULACE FRONT'S A GENERAL HOUR SILENCE 15 OCTOBER A VIET CONG
 TERRORIST MUCH-HERALDED MONTH-LONG "HATE AMERICA" A SERIOUS VIET CONG
 PRESTIGE VIET CONG SETBACKS IMPACT U.S.-GVN CHIEU HOI RALLIERS
 TONE NO SIGNIFICANT VIET CONG VIET CONG VIETNAM VIET CONG DISRUPT
 EMBARGO GVN-CONTROLLED VIET CONG-DOMINATED TAX NOT SUFFICIENT TAX
 RATES FARMERS VIET CONG ADOPT SOUTH VIETNAM A) ESCALATION B)
 C) A LESSER D) A NEGOTIATED A MASSIVE U.S. NORTH VIETNAMESE NORTH
 US/GVN AIRSTRIKES A CONVENTIONAL SOUTH-A-COURSE NORTH VIETNAMESE AIR
 EAK CHINESE U.S. CHINESE MAINLAND BOMBAST PEKING NO INCLINATION
 U.S. NORTH VIETNAM U.S. NORTH U.S. SOUTH VIETNAM PEKING IMAGE U.S.
 A "PAPER TIGER" U.S.

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12. THE SECOND ALTERNATIVE--CONTINUING THE BUILD-UP FOR TRANSITION
 TO CONVENTIONAL WARFARE--MAY BE VIEWED BY THE COMMUNISTS AS CARRYING
 LESS RISK OF PROVOKING ANY NEW MAJOR ESCALATION BY THE U.S. THIS
 COURSE IS IN ACCORDANCE WITH CHINESE AND NORTH VIETNAMESE DOCTRINAL
 CONCEPTS OF "LIBERATION WARS", AND ANY DEVIATION FROM IT WOULD BE DIFF-
 ICULT FOR THEM TO RATIONALIZE TO THEIR ADHERENTS. BOTH HANOI AND THE
 LIBERATION FRONT HAD STATED THAT THEIR MAJOR AIM FOR THIS YEAR WAS
 THE BUILD-UP OF VIET CONG CAPABILITIES TO ACHIEVE A STRATEGIC BALANCE
 OF FORCES AS A PRELUDE TO THE GENERAL COUNTEROFFENSIVE. THERE IS EVID-
 DENCE THAT THEY COULD NOT ATTAIN-

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ABLE, DESPITE THE BUILD-UP OF U.S. AND ALLIED FORCES, AND THAT THEY HAVE UNDERTAKEN NEW MEASURES TO RESTORE THE BALANCE. LINES OF COMMUNICATION FROM THE NORTH ARE ADEQUATE TO SUSTAIN THE INFILTRATION AND OPERATIONS OF A LIMITED NUMBER OF ADDITIONAL NORTH VIETNAMESE ARMY UNITS. ALTHOUGH THE VIET CONG HAVE SUFFERED SUBSTANTIAL LOSSES IN LARGE-SCALE OPERATIONS, THEIR REPLACEMENT SYSTEM APPEARS EFFECTIVE AND THE COMMUNISTS DO NOT SEEM THUS FAR TO HAVE BEEN DETERRED FROM CONTINUING SUCH ACTION. THE COMMUNISTS MAY CALCULATE THAT THIS ALTERNATIVE--WHICH PROVED SUCCESSFUL AGAINST THE FRENCH--OFFERS THE BEST PROSPECTS FOR WEARING DOWN THE WILL AND DETERMINATION OF THE U.S. TO CONTINUE THE WAR. IF THEIR BUILD-UP PERMITS THEM TO REGAIN THE INITIATIVE AND MOMENTUM THEY ENJOYED EARLIER THIS YEAR, THEY MAY FEEL THAT ON THE IMPACT ON ARVN AND CIVILIAN MORALE WILL CAUSE A RESUMPTION OF POLITICAL INSTABILITY WHICH COULD PROVE DECISIVE ON THE OUTCOME OF THE WAR.

13. THE THIRD ALTERNATIVE--REVERSION TO A LESSER LEVEL OF INSURGENCY--WOULD TEND TO FRUSTRATE U.S. CAPABILITIES FOR CONVENTIONAL WARFARE, BUT WOULD ENTAIL SERIOUS RISKS TO VIET CONG MORALE. THE COMMUNISTS MIGHT FEEL THAT BY FOREGOING LARGE-SCALE ATTACKS AND DIVERTING THEIR MAIN FORCES UNITS TO SUPPORT OF THE LOCAL FORCES IN SMALL-SCALE GUERRILLA ACTIONS THEY COULD REDUCE THEIR VULNERABILITY TO AIR ATTACKS AND LARGE-SCALE SWEEPS BY US-GVN FORCES. IT MIGHT ALSO CAUSE THE U.S. TO CONCLUDE THERE WAS NO LONGER ANY NEED FOR THE PRESENCE OF LARGE COMBAT UNITS TO SUPPORT THE VIETNAMESE FORCES. DESPITE THESE TEMPTING PROSPECTS, HOWEVER, THE COMMUNISTS WOULD ENCOUN-

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TER SUBSTANTIAL PROBLEMS IN RATIONALIZING THIS DOCTRINALLY. MOREOVER, THE LOSS OF MOMENTUM WOULD ALMOST CERTAINLY CAUSE A MAJOR DROP IN THE MORALE OF VIET CONG TROOPS AND POLITICAL CADRES, AND RESULT IN A SUBSTANTIAL INCREASE IN DEFECTIONS WHICH COULD REACH DISASTROUS PROPORTIONS FOR THE VIET CONG. IT WOULD SIMILARLY ENHANCE THE CONFIDENCE OF THE CIVILIAN POPULACE IN THE ULTIMATE DEFEAT OF THE VIET CONG. ALTHOUGH GUERRILLA ACTIVITY WOULD CONTINUE TO DISRUPT LINES OF COMMUNICATION AND HARASS PACIFIED AREAS, THE ABSENCE OF THE THREAT OF LARGE-SCALE ATTACKS WOULD FREE U.S.-GVN FORCES FOR FULL-TIME SUPPORT OF RURAL CONSTRUCTION PROGRAMS AND PERMIT THE GRADUAL EXTENSION OF GVN CONTROL INTO AREAS NOW HELD BY THE VIET CONG. THUS THE COMMUNISTS WOULD RISK SUBSTANTIAL--AND POSSIBLY IRRETRIEVABLE--LOSSES TO THEIR POSITION BY ADOPTING THIS ALTERNATIVE.

14. THE FOURTH ALTERNATIVE--SEEKING A NEGOTIATED SETTLEMENT--ALSO OFFERS MIXED BLESSINGS TO THE COMMUNISTS. WHILE THEY MIGHT BE TEMPTED AT SOME POINT TO CONSERVE THEIR POSITION BY NEGOTIATING A HALT OF US-GVN OPERATIONS, THEY COULD NOT BE SURE THAT THEY WOULD OBTAIN A SETTLEMENT TO THEIR ADVANTAGE. PAST EXPERIENCE HAS LED THEM TO BE SUSPICIOUS OF U.S. INTENTIONS IN NEGOTIATIONS. ~~THEY ARE UNLIKELY TO~~ ACCEPT ANY TERMS WHICH DO NOT PROVIDE FOR THE COMPLETE WITHDRAWAL OF U.S. FORCES AND PERMIT THE NATIONAL FRONT TO EXIST AS A LEGAL POLITICAL ENTITY, AND MAY NOT NEGOTIATE AT ALL IF THEY FEEL THESE TERMS ARE UNATTAINABLE. DOCTRINALLY, NEGOTIATIONS WOULD BE A FEASIBLE ALTERNATIVE IF THEIR OUTCOME ASSURED ATTAINMENT OF THEIR ULTIMATE GOALS. IF THEIR POSITION BECAME PROGRESSIVELY WEAKER THROUGH THE FAILURE OF OTHER ALTERNATIVES, SO THAT A FAVORABLE SETTLEMENT WERE NOT FEASIBLE, THEY MIGHT PREFER A WITHERING AWAY OF THE VIET CONG INSURGENCY TO

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EMBARKING ON FRUITLESS NEGOTIATIONS. IN ANY EVENT, THEY ARE UNLIKELY TO SEEK NEGOTIATIONS UNTIL THEY ARE CONVINCED THAT VICTORY THROUGH OTHER MEANS IS NOT POSSIBLE.

S E C R E T

CFN 7644 U.S. CHINESE NORTH VIETNAMESE DOCTRINAL "LIBERATION WARS" HANOI LIBERATION FRONT YEAR VIET CONG A STRATEGIC A PRELUDE SUMMER U.S. ALLIED FORCES NORTH A LIMITED NORTH VIETNAMESE ARMY VIET CONG COMMUNISTS NOT SEEM DETERRED FRENCH U.S. MOMENTUM ARVN A RESUMPTION A LESSER U.S. ENTAIL VIET CONG SMALL-SCALE GUERRILLA VULNERABILITY SWEEPS US-GVN U.S. NO LONGER VIETNAMESE FORCES DOCTRINALLY MOMENTUM A MAJOR MORALE VIET CONG TROOPS CADRES A SUBSTANTIAL VIET CONG ENHANCE VIET CONG PACIFIED AREAS FREE U.S.-GVN RURAL GVN VIET CONG A NEGOTIATED A HALT US-GVN NOT BE A SETTLEMENT U.S. NOT PROVIDE U.S. FORCES NATIONAL FRONT A LEGAL ENTITY NOT NEGOTIATE DOCTRINALLY A FEASIBLE A FAVORABLE NOT FEASIBLE A WITHERING VIET CONG FRUITLESS NEGOTIATIONS NOT POSSIBLE

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FINAL SECTION OF FOUR

15. CURRENT INDICATIONS POINT TO THE SECOND ALTERNATIVE--CONTINUATION OF THE BUILD-UP OF VIET CONG CAPABILITIES FOR CONVENTIONAL OPERATIONS. THESE INDICATIONS INCLUDE: A) EVIDENCE OF THE INFILTRATION OF ADDITIONAL MILITARY UNITS FROM NORTH VIETNAM; B) THE BUILD-UP OF MAIN FORCE UNITS AT THE EXPENSE OF VILLAGE GUERRILLA UNITS; C) CAPTURED DOCUMENTS OF LATE JULY STATING THAT THE VIET CONG GOALS FOR 1965 REMAIN UNCHANGED; D) CONTINUED CONFIDENCE AND DETERMINATION TO PRESS THE WAR AS REFLECTED IN HANOI AND LIBERATION FRONT STATEMENTS; E) FINAL CONSTRUCTION OF A MOTORABLE SUPPLY ROUTE THROUGH LAOS; F) RESUMP-

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TION OF LARGE-SCALE ATTACKS DESPITE LOSSES SUFFERED IN PREVIOUS ACTIONS;
AND G) THE MARKED INCREASE IN VIET CONG ACTIVITY SINCE EARLY OCTOBER.

16. IN CONCLUSION, WE BELIEVE THE ENEMY WILL CONTINUE FOR THE
NEXT SEVERAL MONTHS AT LEAST ON HIS CURRENT COURSE OF ACTION. WE
BELIEVE THE VIET CONG ARE FORMING NEW MAIN FORCE UNITS WITHIN SOUTH
VIETNAM, AND WILL INFILTRATE ADDITIONAL UNITS--PERHAPS THE EQUIVALENT OF
ONE OR TWO DIVISIONS--FROM THE NORTH. BY DOING SO, THE COMMUNISTS WILL
HOPE TO RESTORE A STRATEGIC BALANCE OF FORCES IN ORDER TO REGAIN THE
INITIATIVE THROUGH A COMBINATION OF LARGE-SCALE ATTACKS AND WIDESPREAD
GUERRILLA ACTION. THEIR PURPOSE WILL BE TO EXPAND THEIR BASE AREAS,
INFLICT MAXIMUM ATTRITION ON U.S. AND GVN ELITE UNITS, ERODE U.S.
DETERMINATION TO CONTINUE THE WAR, AND WEAKEN VIETNAMESE MORALE
WITH A VIEW TO CREATING CONDITIONS FAVORABLE FOR THE COLLAPSE OF THE
GVN. WE DO NOT EXPECT THE VIET CONG TO REVERT TO A LESSER LEVEL OF
INSURGENCY OR TO SEEK A NEGOTIATED SETTLEMENT UNTIL THEY ARE CONVINCED
THAT THEIR CURRENT COURSE WILL NOT SUCCEED. THIS POINT IS NOT LIKELY
TO BE REACHED UNTIL THE CAPABILITIES OF THE FORCES NOW BEING CREATED
AND DEPLOYED HAVE BEEN NEUTRALIZED OR IMPAIRED IN BATTLE, AND WE DO NOT
EXPECT THAT THEY WILL BE READY FOR BATTLE FOR THE NEXT THREE TO SIX
MONTHS.

S E C R E T

CFN 7644 VIET CONG A) NORTH VIETNAM B) MAIN FORCE UNITS C) LATE JULY
VIET CONG GOALS 1965 D) HANOI LIBERATION FRONT E) A MOTORABLE LAOS
F) G) VIET CONG EARLY OCTOBER VIET CONG SOUTH VIETNAM NORTH COMMUNISTS
A STRATEGIC A COMBINATION ATTRITION U.S. GVN ELITE UNITS ERODE U.S.
VIETNAMESE MORALE A VIEW GVN NOT EXPECT VIET CONG A LESSER A
NEGOTIATED NOT SUCCEEB
NOT LIKELY NOT EXPECT BATTLE THREE TO SIX
MONTHS

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